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10/676,056

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Emerson P. Jones

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EXAMINER

MERCHANT, SHAHID R

ART UNIT

PAPER NUMBER

3692

NOTIFICATION DATE

DELIVERY MODE

03/12/2008

ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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|------------------------------|---------------------------------------|-------------------------------------|--|
| Office Action Summary | Application No. 10/676,056 | Applicant(s) JONES ET AL. | |
| | Examiner SHAHID R. MERCHANT | Art Unit 3692 | |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 10 January 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) 2 and 10 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1, 3-9 and 11-16 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on January 10, 2008 has been entered.

Status of the Claims

2. This action is in response to the request for continued examination filed on January 10, 2008. Claims 1-16 are pending. Claims 2 and 10 have been cancelled. Claim 1 has been amended.

Response to Arguments

3. Applicant's arguments filed January 10, 2008 have been fully considered but they are not persuasive. Applicant argues that claim 1 has been amended to clearly point out and distinct claim the invention. Examiner disagrees. Applicant has added the limitation and by changing the value of the stock price associated with the entity in lines 10-11 and based at least in part upon each changed value of the stock price associated with the entity in lines 22-23. Applicant is explicitly stating in claim 1, "iteratively calculating a plurality of values of earnings per share associated with the entity based

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upon the input data and by changing the value of the stock price associated with entity” which means that input data including stock price is being used in the formula. As stated in the previous Office Action (August 10, 2007), the Earning Per Share formula (see claim 1) does not contain any variable which is associated with a price of a stock. Applicant attempts to link ΔN_{eff} with a stock price, however it is not clear as to what that relationship is. It is not clear how ΔN_{eff} changes in relation with a stock price or vice versa.

4. Next, Applicant argues that Nikolai does not teach iteratively calculating.

Examiner disagrees. Nikolai clearly teaches iteratively calculating on page 1200, paragraph 2. Nikolai discusses an iterative process which is equivalent to iteratively calculating.

5. In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, Nikolai makes use of both average stock price and end of the period stock price for his iterative process.

6. Regarding claims 6, 7, 14 and 15, Applicant has failed to adequately rebut Examiner's Official Notice that it is well known and practiced in the arts to plot variables

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on a graph against each other. Examiner notes the following discussion of Official

Notice taken from the MPEP:

To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241 (“[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention.”). A general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate. If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 (“[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings” to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2). If applicant does not traverse the examiner's assertion of official notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate. (MPEP § 2144.03(C))

Applicant has not “specifically pointed out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art.” For this reason, the aforementioned limitations are taken to be admitted prior art.

Claim Rejections - 35 USC § 112

7. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

8. Claim 1 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for

failing to particularly point out and distinctly claim the subject matter which applicant

regards as the invention. Applicant states $EPS = DPS_0 + \frac{Earnings_0 - N_0 \times DPS_0 - Coupon}{N_0 + \Delta N_{eff}}$ which applicant

regards as the invention wherein the iterative calculating the plurality

of values of earnings per share is carried out by iteratively changing at least the value of

the stock price associated with the entity, however the Earnings Per Share formula below does not contain any variable which is associated with a price of a stock. Therefore, it is unclear how a change in stock price can change the earnings per share (EPS) using the formula above.

9. Claim 9 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for

failing to particularly point out and distinctly claim the subject matter which applicant

regards as the invention. Applicant states wherein the iterative calculating the plurality

of values of earnings per share is carried out by iteratively changing at least the value of

the stock price associated with the entity. However the Earnings Per Share formula:

EPS=dividend per share + retained EPS does not contain any variable which is

associated with a price of a stock. Therefore, it is unclear how a change in stock price can change the earnings per share (EPS) using the formula above.

10. Claims 11-16 are rejected for incorporating the errors of their respective base claim dependency.

Claim Rejections - 35 USC § 103

11. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

12. Claims 1, 3-9, 11-16 rejected under 35 U.S.C. 103(a) as being unpatentable over Intermediate Accounting, 5th Edition by Loren Nikolai and John Bazley (see PTO-892, Ref. U). Hereinafter Nikolai and Bazley.

13. As per claim 1, Nikolai and Bazley teach a method for characterizing earnings of an entity, which method comprises the steps of:

inputting data associated with the entity including a number of common shares outstanding, a value of earnings, a value of dividends per share, a value of coupon payments and a change in the effective number of common shares outstanding, which change in the effective number of common shares outstanding reflects the possibility, based upon an economically reasonable analysis in light of market conditions including a value of a stock price associated with the entity, of conversion of a convertible security;

iteratively calculating a plurality of values of earnings per share associated with the entity based upon the input data and by changing the value of the stock price

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associated with the entity

least in part using the formula $EPS = DPS_0 + \frac{Earnings_0 - N_0 \times DPS_0 - Coupon}{N_0 + \Delta N_{eff}}$ calculated at

- i) $Earnings_0$ equals the input value of earnings,
- ii) N_0 equals the input number of common shares outstanding,
- iii) DPS_0 equals the input value of dividends per share,
- iv) Coupon equals the input value of coupon payments, and
- v) ΔN_{eff} equals the input change in the effective number of common shares

outstanding, based at least in part upon each changed value of the stock price

associated with the entity;

iteratively calculating a plurality of values of earnings per share risk associated with the entity based upon at least a plurality of different numbers of shares outstanding; and

recording the calculated earnings per share values associated with the entity and the calculated earnings per share risk values associated with the entity (see Ref. U, Chapter 22, pages 1183-1205).

Nikolai and Bazley do not explicitly teach the automating (using of computer) of claim 1.

It was known at the time of the invention that merely providing an automatic means to replace a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art, In re Venner, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). For example, simply inputting numbers into a formula for calculating Earnings Per Share gives you just what you would expect from the manual step as

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shown in Reference U (Nikolai and Bazley). In other words there is no enhancement found in the claimed calculation. The claimed calculation using a computer only provides automating the manual activity. A computer can simply calculate the formula faster. The result is the same.

It would have been obvious to a person of ordinary skill in the art at the time of the invention to automate (use computer) the calculation of Earnings Per Share using the formula as described above because this would speed up the process of giving an investor data regarding an investment, which is purely known, and an expected result from automation of what is known in the art.

14. Claim 2- Cancelled

15. As per claim 3, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley further teach wherein the entity is a public corporation (see Ref. U, Chapter 22, pages 1183-1205).

16. As per claim 4, Nikolai and Bazley teach the method of claim 3 as described above. Nikolai and Bazley further teach wherein at least one of the calculated earnings per share values and the calculated earnings per share risk values is applied to a financial presentation relating to at least one of a balance sheet and an earnings per share metric (see Ref. U, Chapter 22, pages 1197-1198, Exhibit 22-7).

17. As per claim 5, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley do not explicitly teach wherein the iterations and calculations are carried out at least in part using a Monte Carlo simulation. However, using Monte Carlo simulation for iterations and calculations is old and well known in the arts.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Nikolai and Bazley to incorporate Monte Carlo simulation for the purpose of iterations.

18. As per claims 6 and 7, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley do not explicitly teach wherein the outputted calculated earnings per share values and the outputted calculated earnings per share risk values are plotted against one another and wherein the plot of calculated earnings per share values versus calculated earnings per share risk values is credit adjusted.

Official Notice is taken that plotting two or more variables on a graph against one another is very common and well known in the art.

Therefore, it would be obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Nikolai, Bazley and Official Notice to plot variables on a graph against each other because it allows one to see a relationship between the variables.

19. As per claim 8, Nikolai and Bazley teach the method of claim 3 as described above. Nikolai and Bazley further teach wherein the economically reasonable analysis in light of market conditions takes into account a conversion premium associated with the convertible security (see Ref. U, Chapter 22, pages 1183-1205).

20. As per claim 9, Nikolai and Bazley teach a method implemented by a programmed computer system for characterizing earnings of an entity, which method comprises the steps of:

inputting data associated with the entity including a number of existing shares, a value of earnings, a value of an equity dividend, a value of an attributed after-tax interest expense from a convertible security, and a number of attributed shares from the convertible security, which number of attributed shares reflects the possibility, based upon an economically reasonable analysis in light of market conditions including a value of a stock price associated with the entity, of conversion of the convertible security;

iteratively calculating a plurality of values of earnings per share associated with the entity based upon the input data, wherein each value of earnings per share is calculated at least in part using the formula: $EPS = \text{dividend per share} + \text{retained EPS}$;

wherein dividend per share = the value of the equity dividend / the number of existing shares; and wherein retained EPS = (earnings without taking effect of any interest expense from the convertible security minus attributed after-tax interest expense from the convertible security) / (the number of existing shares plus the number of attributed shares from the convertible security);

iteratively calculating a plurality of values of earnings per share risk associated with the entity based upon at least a plurality of different numbers of shares outstanding; and

recording the calculated earnings per share values associated with the entity and the calculated earnings per share risk values associated with the entity;

wherein the iterative calculating the plurality of values of earnings per share is carried out by iteratively changing at least the value of the stock price associated with the entity. (see Ref. U, Chapter 22, pages 1183-1205).

Nikolai and Bazley do not explicitly teach the automating (using of computer) of claim 1.

It was known at the time of the invention that merely providing an automatic means to replace a manual activity which accomplishes the same result is not sufficient to distinguish over the prior art, *In re Venner*, 262 F.2d 91, 95, 120 USPQ 193, 194 (CCPA 1958). For example, simply inputting numbers into a formula for calculating Earnings Per Share gives you just what you would expect from the manual step as shown in Reference U (Nikolai and Bazley). In other words there is no enhancement found in the claimed calculation. The claimed calculation using a computer only provides automating the manual activity. A computer can simply calculate the formula faster. The result is the same.

It would have been obvious to a person of ordinary skill in the art at the time of the invention to automate (use computer) the calculation of Earnings Per Share using the formula as described above because this would speed up the process of giving an investor data regarding an investment, which is purely known, and an expected result from automation of what is known in the art.

21. Claim 10- Cancelled

22. As per claim 11, Nikolai and Bazley teach the method of claim 9 as described above. Nikolai and Bazley further teach wherein the entity is a public corporation (see Ref. U, Chapter 22, pages 1183-1205).

23. As per claim 12, Nikolai and Bazley teach the method of claim 9 as described above. Nikolai and Bazley further teach wherein at least one of the calculated earnings

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per share values and the calculated earnings per share risk values is applied to a financial presentation relating to at least one of a balance sheet and an earnings per share metric (see Ref. U, Chapter 22, pages 1197-1198, Exhibit 22-7).

24. As per claim 13, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley do not explicitly teach wherein the iterations and calculations are carried out at least in part using a Monte Carlo simulation. However, using Monte Carlo simulation for iterations and calculations is old and well known in the arts. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of Nikolai and Bazley to incorporate Monte Carlo simulation for the purpose of iterations.

25. As per claims 14 and 15, Nikolai and Bazley teach the method of claim 1 as described above. Nikolai and Bazley do not explicitly teach wherein the outputted calculated earnings per share values and the outputted calculated earnings per share risk values are plotted against one another and wherein the plot of calculated earnings per share values versus calculated earnings per share risk values is credit adjusted.

Official Notice is taken that plotting two or more variables on a graph against one another is very common and well known in the art.

Therefore, it would be obvious to a person of ordinary skill in the art at the time of the invention to combine the teachings of Nikolai, Bazley and Official Notice to plot variables on a graph against each other because it allows one to see a relationship between the variables.

26. As per claim 16, Nikolai and Bazley teach the method of claim 9 as described above. Nikolai and Bazley further teach wherein the economically reasonable analysis in light of market conditions takes into account a conversion premium associated with the convertible security (see Ref. U, Chapter 22, pages 1183-1205).

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to SHAHID R. MERCHANT whose telephone number is (571)270-1360. The examiner can normally be reached on First Friday Off.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz P. Abdi can be reached on 571-272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SRM

/Kambiz Abdi/
Supervisory Patent Examiner, Art
Unit 3692

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